Level Up Capital
Residential (1-4 Family) Bridge, Multi-Family 5+Units, Ground Up, and Jumbo Loan Acquisition Guidelines

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4/17/2025 -- Update – Florida Loans –Effective Immediately

- 5% reduction to LTV/LTC/LTAVI for any loans in Florida, no SREO LTC/LTV bumps.
- Removed FL from Loan Specials

4/17/2025-- Update – FEMA – Effective Immediately

- Any currently damaged loans from flood/natural disaster LUC will not fund at this time.
- This is for any property regardless of the STATE.

4/11/2025-- Update – FEMA 50% Rule – Effective Immediately

Definition:

The FEMA 50% Rule (also called the Substantial Improvement / Substantial Damage Rule) is part of the National Flood Insurance Program (NFIP).

The Rule States:

If repairing, renovating, or improving a building costs more than 50% of its market value, you must bring the entire building up to current floodplain management regulations — not just the part you're fixing.

If a property located in a **Special Flood Hazard Area (SFHA)** specifically any zone labeled with an "**A**" or "**V**" on FEMA flood maps — the **50% FEMA Rule** applies.

Because of the risks involved, the following will be required for these properties:

- A letter from the City or County agency responsible for issuing permits, confirming that the property has **NOT** been deemed "Substantially Damaged."
- Verification that all proposed work is reasonable in scope and that the total cost does not exceed **30%** of the subject property's **as-is value** or **purchase price**, whichever is less.

Please note:
If these items are not provided, we will not be able to approve or fund the loan

1. Underwriting Philosophy

The LUC Residential Bridge Loan Program is solely for business purpose loans. All loans originated by LUC are carefully reviewed and assessed for conformity to the guidelines prior to funding. The qualifying criteria set forth herein are meant to serve as an overarching guide as each loan must be reviewed on an individual basis. The underwriter must make a reasonable and good faith determination that the loan is likely to be repaid in full and represents an appropriate risk return based on its terms prior to submitting the loan for closing and funding.

The guidelines may be amended and supplemented by LUC from time to time. Any amendments or revisions will become effective as of the date of such amendment or revision. This document is intended to serve only as a guideline and reflects current origination criteria, which may be altered at any time without prior notice. LUC reserves the right to waive any requirement or add additional requirements at any time.

2. Definitions

Assignment Fees: Third-party/arms-length assignment fees are permitted.

Auction Loan: Financing specifically designed for buyers who purchase a property at a foreclosure auction. All borrowers require pre-approval before permission to bid.

Cash Collateral: A loan where, rather than having a down payment, a percentage of the total cost of the loan is placed in a separate account owned and operated by LUC and the loan is financed at 100%. Generally, the collateral deposit amount is equal to the LTV/LTC limits of the loan as if a down payment had been supplied by the borrower. However, the borrower signs a deposit pledge agreement which outlines the account where the funds must be sent prior to closing and states that if the loan defaults the money goes to LUC. If the loan is paid off the money is then returned to the borrower. (These loans are only allowed at a 12% interest rate, max 85% LTC and not eligible for LTV increases; the borrower must still pay their closing costs, including their loan fees, at the close of escrow.)

Cash Out Refinance: In the event the borrower is refinancing existing debt on a property and the borrower receives net proceeds (excluding third-party expenses reflected on the settlement statement) from the refinancing that exceeds 2% of the note amount.

Collateral Property Loan: A loan where rather than having a down payment, a borrower uses the equity (up to 65%) in a stabilized property they own free and clear, and the loan is financed at 100%. LUC places a lien on that collateral property, generally in the amount that is greater than or equal to twice the amount of the would-be down payment had the borrower supplied one, subject to normal LTV/LTC limits of the loan. (These loans are only allowed at a 12% interest rate, max 85% LTC and not eligible for LTV increases; full title report on the collateral property, along with hazard insurance, and an interior evaluation is needed; the borrower must still pay their closing costs, including their loan fees, at the close of escrow. A property may be used as collateral for multiple loans, but all subject properties must be in the same state as the collateral.

Community Property State: For lending done in a community property state, we will review the risk of lending to one spouse per state martial property laws to determine if the Spousal Consent Form or equivalent is needed or prudent. If so, it will be included in our documents.

Cost Basis: Cost basis is the sum of the (i) purchase price, (ii) total assignment fees, and (iii) total renovation budget.

For Auction Loans that do not include the financing of renovation funds, the cost basis may be calculated as the sum of the (i) purchase price, plus (2) Rolled in Fees.

Delayed Financing: Delayed financing (on properties purchased by the borrower with cash and owned < 6 months) are permitted if the original transaction was:

- Arm's length
- Settlement statement from purchase confirms no financing used to acquire purchase funds and did not include gift funds
- Delayed financing can be qualified and priced as rate/term refinances

Eligible for cash out and priced with Refinance with Reno terms.

Experienced Customers: At least one borrower or guarantor that has at least one documented real estate investment property sold, completed renovation on rental properties or equivalent experience in the past three years, and at least one year in the business of acquiring real estate for investment purposes or renovating real estate. (must be real property, no titled mobile homes, RVs, etc. allowed)

Financed Renovation: The dollar amount of renovation/budget included in the loan amount to complete desired renovation to the subject property.

Foreign National: An individual who is NOT a United States ("U.S.") Citizen or a Green Card holder (Valid Green Card holders are viewed as U.S. Citizens) and does not meet the criteria by the definition of a Permanent Resident Alien/Non-Permanent Resident Alien. (Added 3/03/25-- Proof of legal residency must be provided)

Loan to After Renovation Value Ratio (LTARV): Underwriting uses the values of three comparable properties where the applicable subject property is located based on third-party data vendors to arrive at an estimated value of the subject property upon completion of all the predetermined repairs and/or renovation as contemplated by the borrower are completed (**ARV**). Underwriting will use the values of the three comparable properties and calculate an internal estimate of the value of the subject property in connection with the origination of the Mortgage Loan.

The Loan to ARV Ratio is an amount equal to (i) the loan amount, divided by (ii) the ARV of the subject property.

Example:

Loan Amount	65,000.00
After Renovation Value	350,000.00

Loan to After Renovation Value Ratio (LTARV) = 165,000 / 350,000 = **47.14%**

Loan to "As-Is" Value Ratio (LTAIV): A qualifying value for refinance transactions. The "as-is" value (**AIV**) of the subject property is the estimated current value of the property, prior to any contemplated repairs and/or renovation projects, and is determined internally. Underwriting will generally use internal valuations but may utilize a third-party desktop appraisal, exterior appraisal, full interior appraisal, internal or external automated valuation models or broker price opinion report in accordance with the underwriting guidelines.

The Loan to AIV Ratio is an amount equal to (i) the initial disbursed loan amount at closing, divided by (ii) the AIV of the related mortgage property.

Example:

Initial disbursed loan amount at closing	150,000.00
As-Is Value	225,000.00

Loan to "As-Is" Value Ratio (LTAIV) = 150,000 / 225,000 = **66.67%**

Loan to Cost Ratio (LTC): The Loan to Cost Ratio is an amount equal to (i) the loan amount, divided by (ii) the sum of the purchase price, assignment fees, and total renovation budget. LTC is not applicable for a 24+ month seasoned refinance.

Example:

Cost Basis	205,000.00
Loan Amount	165,000.00

Loan to Cost (LTC) = 165,000 / 205,000 = **80.48%**

New Customers: If no guarantor(s) or borrower(s) qualify as an Experienced Customer, they will be treated as a New Customer.

Non-Recourse: Non-recourse loans are available on an exception basis.

Primary Guarantor: One designated guarantor who owns the majority percentage of the entity, in the event of all equal ownership then whoever has the highest Fico would be the primary. Unless provided with an addendum specifying primary signing authority on behalf of the entity, all member(s) with 20% or more interest will still need to sign all documents for the transaction. Exception granted on a case-by-case basis.

Purchase: New purchase of a property by borrower.

Qualifying Transaction/SREO: The borrower/guarantor had ownership in any fix & flip transaction purchased, flipped, and subsequently sold within the last 36 months or one rental property owned and rented for at least 12 months. Ground-Up construction loans count can be counted as an SREO. (Primary residences do not count.
Sold = 1 / Rentals = 1 if owned for at least 12 months (in the case of multifamily properties each door counts as 1 if owned for 12 months) - PROPERTY MUST BE IN THE UNITED STATES. (No US territories allowed)

Rolled in Fees: Fees financed into the loan amount, which can include origination, processing, title, recording, and other related loan fees.

Rate and Term Refinance: A refinance of existing debt on a property with cash-out not to exceed 2% the loan amount.

Rural Property: A type of real estate located outside of the boundaries of a municipality. Review county records for zoning.

Seller Credit/Concessions: A financial concession from the seller to the buyer as part of the purchase agreement. This credit cannot exceed the total closing costs associated with the purchase.

Stabilized Bridge: Properties that are currently in a leasable state or will be in a leasable state upon completion of a Reno Budget which is less than or equal to 5% of "As Is" value (purchase and refinance) and purchase price.

3.General Underwriting

Each loan must meet the following underwriting criteria to be considered for funding. Loans outside defined limits will be reviewed and considered on a case-by-case basis internally by our underwriting department.

3.1 Loan Purpose

LUC extends loans strictly for commercial business/investment purposes. No loans will be extended for consumer purposes, including primary or secondary residences. All borrowers will actively select whether they are applying for an investment-purpose loan during the application process. They will be required to sign a "Business Purpose Affidavit" prior to closing, which certifies that the property will be for commercial business/investment purposes only and that the Borrower will not occupy or claim the property as a Primary or Secondary residence.

3.2 Loan Terms

Term	Description
Rate Type	Fixed
Lien	First lien mortgage; LUC will consider second liens on properties where LUC also retains the first lien. Third-party second liens or any other additional debt secured by the collateral are not permitted unless otherwise approved by underwriting.
Amortization	Interest Only
Loan Type	Business purpose loans only.
Term	12 months (up to 18 months permitted if approved by LUC)
Permitted Collateral	One or more properties owned fee simple or leased fee by the borrower, and which otherwise meet the property requirements (properties subject to a ground lease are not allowed). Revolving credit facilities which permit the addition of additional collateral is not permitted
Full Recourse	If the borrower is a legal entity, a full recourse guaranty by one or more individual(s) and the managing member, if applicable, which are the largest percentage owners and in aggregate own at least 51% if there are only two members of the borrowing party unless otherwise approved by LUC. Any member reflecting 19% or less Interest will not need to be included on the loan. There must be at least 1 member with 20% or more interest. If all members are specified as 19% or less, then an addendum to the entity documents, specifying the Managing Member with signing authority will be required.
State Eligibility	AL, AR, AZ, CO, CT, FL, GA (we can only lend to business entities in GA), ID (Ada, Canyon and Kootenai County's ONLY), KS (Kansas City, KS - ONLY), MO, NC, OH, OK, OR, TN, TX, WA, and WI. (All other states on a case-by-case basis only)
Minimum Loan Size (Note Amount)	$75,000.00 on single-family/condo and 2-4 unit o Minimum value $100,000.00 (ARV) $250,000.00 on 5+ unit multifamily (If below the required guidelines loan can be discussed with underwriting for an exception)
Maximum Loan Size (Note Amount)	$2,000,000.00 on single-family and 2-4 units $3,000,000.00 for 5+ unit multifamily $5,000,000.00 for portfolio loans (If above the required guidelines, the loan can be discussed with underwriting for an exception)
Portfolio Loans	Portfolio loans are limited to no more than 10 properties per loan. All properties must be within the same County. (Portfolio loans with more than 10 properties and larger than $5,000,000.00 are to be discussed with underwriting on an exception basis).
Release Prices	Cross-collateralized loans may permit partial releases at a release price equal to at least 120% of the allocated loan amount for each property. Allocated loan amounts must be determined proportionally to the appraised values of each property. All portfolio loans are required to be cross-collateralized.
Pre-Payment Penalty	N/A
Rural Properties	Cities with a population of 25,000 or less will need to be priced with a 12% interest rate. UW can review cities with a population of less on an exception basis with compensating factors. Properties zoned rural are subject to a minimum DP of 20% and a 12% interest rate. Anything below is to be reviewed by underwriting on an exception basis.

3.3 Application and Supporting Documentation

1. Loan Application for each borrower/guarantor or any member of LLC with 20% or greater ownership.
2. Driver's License, State ID, Passport, or government-issued ID
    - Required at funding for any borrower/guarantor with 20% or more ownership of the entity
3. Credit Report
    - No more than 6 months old from the date of funding
4. Background Check
    - No more than 6 months old from the date of funding
5. Borrower SREOs as proof of experience
    - The borrower/guarantor has/had ownership in any fix & flip transaction purchased, flipped, and subsequently sold within the last 36 months or one rental property owned and rented for at least 12 months.
    - Primary residences do not count.
    - Sold = 1 / Rentals = 1 if owned for at least 12 months (in the case of multifamily properties each door counts as 1 if owned for 12 months)
    - Ground Up Construction builds count as a Ground Up SREO when subsequently sold within the last 24 months or owned and rented for at least 12 months.
    - Property must be in the United States (No US Territories allowed)

6. Proof of liquidity
    - See section 3.4.7.
7. Preliminary Title Report
    - 30 days from the date of funding – if older title date down needed at funding to show no new liens/judgments etc.
8. Mortgage Payoff
    - If applicable
9. PSA and all addendums
    - If there is an assignment, an original contract is required
10. Signed Assignment Disclosure/Document
11. W-9
12. W-8
    - Only required if the borrower is a foreign national when no W-9 is available from the entity or primary borrower
13. Evidence of Insurance / Flood if applicable
    - See section 5 for details on coverage amounts required
14. Evaluation/ Appraisal
    - See section 3.6 Appraisal Valuation Requirements
15. Entity Documentation
    - Signed Operating Agreement, Articles of Incorporation or Bylaws
    - Amendments or Resolutions
    - SOS (Secretary of State) to show Entity is active
    - Other documents as needed to verify signing authority and/or ownership
16. OFAC
    - Must be conducted within 45 days of loan origination
17. Survey
    - Surveys are required only when explicitly mandated by the title company to secure our collateral: otherwise, they remain optional at the borrower's expense.
18. Condominium Questionnaire
    - If the property is a Condominium
19. HOA Documentation
    - If applicable – Bylaws and CC&Rs / proof of Walls out insurance coverage / Budget / Resale Certificates (WA State)
20. Subordinate Lender Information (Require 12% Interest Rate)
    - Subordinate lender name address and phone number, the intended vesting for lien, and intended loan amount.
    - Borrower must have at least 5% of their own funds for the total cost of the project plus closing costs into the deal.
21. Manufactured Home
    - Proof of title elimination if not shown on preliminary title prior to UW Approval
22. Manufactured Home Ground-Up (New Drop)
    - A copy of the Manufactured Home Dealer contract or agreement with LUC added to the contract.
    - Manufactured Home Dealer Agreement must be signed prior to UW Approval
23. Budget and Scope
    - Required and must be on the most recent LUC template.
    - Must have borrower/entity name and subject property address.
24. Ground-Up
    - Approved plans by the City/County and architectural drawings permits and budget are required.
    - No draws will be released on loans approved without approved plans and permits until approved plans and permits are received.
25. Refinance loans
    - If the project is mid-construction, a budget of the project as a whole and a progress inspection are required.
    - In non-disclosure states for a refinance underwriting requires a settlement statement from the original purchase to prove the original purchase price so the LTC can be calculated correctly.
    - If the borrower has owned the property for over 24 months, then LTC is not a factor.

3.4 Borrower Underwriting Matrix

The originator must confirm that the borrower is either a natural person or is a duly formed and existing U.S. domiciled legal entity and that the principal(s) who is/are executing the loan documents has signature authority to bind the borrower to the loan agreement.

Borrower must be either a natural person or is a duly formed and existing U.S. domiciled legal entity, including LLC's, LPs, trusts, and inter-vivos revocable trusts, and corporations and that the principal(s) who is/are executing the loan documents has signature authority to bind the borrower to the loan agreement.

3.4.1 Permanent/Non-Permanent Resident Alien Requirements

- Acceptable documentation to verify that a non-U.S. citizen borrower is legally present in this U.S.
    - Employment Authorization Document (EAD)
    - Student Visa
    - Permanent Resident Card
- Must be employed in the United States for the past 24 months.
    - Verified by employment status on loan application.

- All borrowers must have social security/ITIN.

3.4.2 Foreign National Requirements

- Requirements below are **in addition** to the above **"3.4.1 Permanent/Non-Permanent Resident Alien Requirements"**
- W-8 is required for Foreign Nationals when no W9 is available from an entity or primary borrower.
- Must legally reside in the United States with a valid Visa.
    - Visas expiring within 6 months of funding must provide proof of renewal application.
- Must be in a US Based Entity (LLC, Corporation, etc.)
- Assets Required: 6 months of reserves + down payment + origination + closing cost, and origination fee
- -10% Reduction in Maximum Leverage (LTAIV/LTC/LTV)

3.4.3 Guarantor Requirement

Each loan to a legal entity must have at least one guarantor. The guarantors must include at least 51% of the borrowing entity. Members with less than 20% ownership are not required to complete application, credit or background checks and do not need to sign any documentation.

3.4.4 Credit and Background Check

Credit and Background Check is required for each guarantor and any member of a borrower entity with 20% or more controlling interest or in aggregate 50% ownership of the entity. At least one qualifying individual must provide a recourse guarantee in the case of an entity. Credit and background must be within 6 months of closing. Individuals acting as Guarantors must be at least 18 years old and have an ownership interest in the subject property.

LUC will obtain a tri-merge credit report with at least two of the three primary credit bureaus reporting. If only two scores are returned, the lower of the two scores will be used as the representative score in determining the initial allowable LTV/LTC. The highest credit score of qualified guarantors and Principals of an entity will be utilized for loan qualifications. The maximum LTV/LTC allowed will be determined by using the appropriate credit score returned for the borrower. Foreign nationals without a U.S. credit report are permitted. Additional requirements include:

- If three scores are returned, the median FICO score will be used as the representative score in determining the initial allowable LTV/LTC.
- Foreign nationals require a U.S. credit report when available and are permitted subject to the LTV/LTC limits, as outlined in the applicable underwriting matrix.
- Required W-8 for non-U.S. citizens.

In addition, LUC will require the following for each guarantor(s) in relation to their background report requirements:

- To the extent there is evidence of previous felony convictions, misdemeanor convictions involving fraud, embezzlement, or other similar crimes or adverse fraud screen results, such persons are not permitted unless otherwise approved by LUC.
- Each natural person borrower or the guarantor(s), if applicable, with 10 or more judgments and/or liens in the last 36 months, or current liens of more than $100,000 are ineligible unless otherwise approved by LUC.
- Foreign nationals without U.S. background checks are permitted subject to the LTV/LTC limits. Foreign nationals require an Office of Foreign Assets Control (OFAC) section list search that results in no findings. Foreign nationals must not be a citizen of or reside in a country identified by the Financial Action Task Force (FATF) as being a high-risk jurisdiction or with strategic deficiencies.
- An OFAC check must be conducted within 45 days of loan origination and may be incorporated as part of the background report or separately represented.
- For any principal with a tax lien (federal, state, property), evidence of release/satisfaction must be provided prior to the closing or must be in a payment plan.

No individual borrower or principal shall have any of the following derogatory findings on either their credit or background report, which LUC
will verify on background reports:

- Criminal History: individual subjects must be free of any felony convictions regardless of the type or time elapsed. (In the case of an exception the interest rate will be at a minimum of 12%).
- Sex offenders are **always** ineligible borrowers.
- Unspecified crimes listed within the last 2 years need to be further investigated to ascertain if the crime was a felony charge. Unspecified crimes older than 7 years may be ignored.
- A letter of explanation is needed for any unspecified criminal activity that appears on the borrower's background.

3.4.5 Legal Entity Review

Entity document requirements may be state-specific and documentation requirements per file will be dependent upon state of entity formation, property location and changes or amendments to entity after formation.

All entity documents needed to support that the borrowing entity is duly formed with full authority to conduct real estate transactional and borrowing activity as stated in their organizational documents. The individual(s) signing on behalf of the borrowing entity must have the authority to bind the entity and the current ownership of the entity is required. These documents may include Current Operating Agreement, OA Amendments, Resolutions, Certificate of Formation, Certificate of Good Standing, Articles of Organization, or other legal documents indicating authority and/or ownership. Where the entity documents do not clearly establish requisite authority, a duly executed borrowing authorization form from the entity is required. In addition, the corresponding Secretary of State (SOS) will verify all entities to confirm that the business is active. The SOS (Secretary of State) differs from state to state and depending on the information provided, this can also be used as an entity document support for establishing ownership and signing authority. Any entity without proper formation or operating documents or that which is currently not in good standing will be disqualified.

3.4.6 Spousal Consent Requirement

LUC will review the Spousal Consent requirements in each State in which a loan is being made and determine if this document is required. If required, we will include it in our loan documents.

3.4.7 Max Single Borrower Exposure

$2,000,000.00—Higher amount will be reviewed on a case-by-case basis.

3.4.8 Borrower Liquidity

The borrower's liquidity position is extremely important to the underwriting decision. Proof of funds or other sources of liquidity (asset sales, personal income, etc.) is needed to determine the borrower's ability to cover the following:

Liquidity Requirements: --MUST BE US FUNDS

- Assets = Reference section 3.8

Documentation used to verify liquidity must be dated within 45 days of the loan origination date. Liquidity may be verified from the following sources for the borrower and/or guarantor(s): Bank, money market, or securities account statement; and/or

a. 50% of the value of 401K or IRA plans minus any outstanding 401K loans.
b. Bank or brokerage account held in the name of a Trust (irrevocable trusts not allowed)
    i. Requires a copy of the full Trust Agreement that provides beneficiary details and access to funds in the Trust's bank and/or brokerage account.
    ii. **OR** requires formal or official documentation from the bank substantiating that the applicant is the beneficiary and has unlimited access to funds in the Trust account
c. Business bank or brokerage account
    i. SOS for the entity showing membership
    ii. Requires a copy of the full operating agreement that details ownership of the entity and access to funds in the entity's bank/brokerage account.
    iii. Or requires formal or official documentation from the bank substantiating that the applicant is an authorized signor and has access to business account funds.
d. 20% of Cash out proceeds
e. Final settlement statement from the recent sale of property
f. Funds from Home Equity Line of Credit
g. NO Gift funds are permitted (cash or equity)
h. NO Cryptocurrency
i. Business Line of Credit
    i. SOS for the entity showing membership.
    ii. Requires a copy of the full operating agreement that details ownership of the entity and access to funds in the entity's bank/brokerage account.
    iii. Or requires formal or official documentation from the bank substantiating that the applicant is an authorized signor and has access to business account funds.

3.5 Property

3.5.1 Square Footage Requirements

Minimum Square Footage Per unit	500 sq feet for a single-family or townhouse; 500 sq feet for a condo or 2-4 units. (If below the minimum, the loan can be discussed with underwriting for an exception) (Multi-Family doesn't have a minimum but it needs to have a bed, bathroom and kitchen. It also must have an allowable living space with water and heat source)
Maximum Square Footage Per unit	6,000 sq feet for a single-family or townhouse; 4,500 sq feet in total for a condo or 2-4 units. (If above-the maximum, the loan can be discussed with underwriting for an exception) (Multi-Family doesn't have a maximum but it needs to have a bed, bathroom and kitchen. It also must have an allowable living space with water and heat source)

3.5.2 Eligible Property Types

- Single-family detached residences.
- PUD (Planned Unit Development)
- 2–4-unit residences
- Condominiums
- Townhomes
- Manufactured Home Fix and Flip with Title Elimination (Prior to approval, no manufactured home built in 1976 or prior)
- New Construction Manufactured Homes
- Rural Properties less than 10 Acres
- Ground-Up Construction
- 5+ Unit Multifamily
    - Multifamily apartment buildings that are Class A or B as determined by LUC. Class C multifamily buildings allowed only with LUC exception
    - Mixed-use buildings (Residential space is more than 65% of the property square footage and at least 70% of total gross potential rental income) --- which are Class A or B as determined by LUC. Class C mixed-use properties are allowed only with LUC exception. Class D is not approved.

3.5.3 Ineligible Borrowers

LUC has the following restrictions on specific borrower types:

- LUC will not extend credit to non-profit entities unless they are organized for the purpose of investing in real estate
- LUC will not extend credit to irrevocable trusts
- Borrowers who are the borrower or guarantor on currently delinquent LUC loans are not eligible for additional loans.
- Borrowers with a bankruptcy discharge that is within the last 12 months.
- Borrowers with foreclosure or short sales within the last 12 months
- Borrowers with any current mortgage lates
- Borrowers with current State or Federal Liens that are not on an established payment plan (anything over 10 years and no proof of payment may be accepted on a case-by-case basis depending on the State statute)

3.5.4 Condo Requirements

If the property is part of a condominium association, the originator must obtain a condominium questionnaire and insurance certificate from the condominium association to ensure that it meets the eligibility criteria as set forth in the current Fannie Mae Guidelines or, specifically, the property must be warrantable as defined by Fannie Mae. Typically, a condominium is considered warrantable if the following criteria are met:

- No single entity owns more than 10% of the units in a project, including the developer.
- At least 51% of the units are owner-occupied.
- Fewer than 15% of the units are in arrears with the association dues.
- There is no litigation in which the homeowner's association is named.
- Commercial space accounts for 25% or less of the total building square footage
- Any Association with Special assessments will need to be approved by UW with Special assessment documentation provided for review.

3.6 Appraisal/ Valuation Requirements

- Arkansas – Requires a Full Appraisal. Evaluations are not available in this State.
- Arkansas loans will be underwritten with the appraised value.

Valuation and Appraisal Requirements		
Property Type	**Loan Amount**	**Value Requirement**
SFR 1-4 Unit, Townhome, Condo, PUD and Title Eliminated Manufactured homes	$75,000 - $649,999	• Exterior Evaluation prior to UW Approval. • Refinances will be underwritten with the 3rd party interior evaluation. • Purchase/Purchase + Reno – will be underwritten with the internal value.
SFR 1-4 Unit, Townhome, Condo, PUD and Title Eliminated Manufactured homes	$650,000 - $999,999	• Full appraisal is required prior to UW Approval. • Appraisal paid upfront by the borrower. • Loan will be underwritten with the 3rd party value. (If ALL borrowers have a Fico of 700+ and a combined total of 3 SREOs we will only need an exterior evaluation, and a Full Appraisal post-close paid at closing by the borrower. On purchase transactions the file will be underwritten using the internal UW Value) • Refinances will need to be underwritten with the 3rd party value
Ground-Up Construction	$75,000 - $2,000,000	• Full Ground-Up Appraisal including land value. • Appraisal paid upfront by the borrower. • Required prior to UW Approval • Loan will be underwritten with the 3rd party value.
Manufactured Ground Up	$75,000- $450,000	• Loan will be underwritten with LUC Internal Value • Interior Evaluation will be ordered after the home has been attached and delivered.
Multi-Family 5+	$250,000 - $649,999	• Commercial Interior Evaluation required prior to UW Approval. • Loan will be underwritten with the 3rd party value.
Multi-Family 5+	$650,000 +	• Full Commercial Appraisal required prior to UW Approval. • Paid upfront by the borrower. • Loan will be underwritten with the 3rd party value.
Jumbo Loans	$1,000,000 +	• Full Appraisal Required prior to UW Approval • Paid upfront by the borrower. • Loan will be underwritten with the 3rd party value.
Auction Loans	$75,000 - $750,000	• Exterior evaluation required post-close. • Loan is underwritten with LUC Internal Value.

3.7 Rate/Experience Matrix

SREOs	Rate	Term in Months	Minimum Down Payment	Minimum Origination Fee
0-1	12.00	12	15%	1%

2	11.00	12	15%	1%
3-9	10.50	12	10%	1%
10+	10.00	12	10%	1%

- 18-month term allowed for borrowers with 700+ Fico, min of 2 SREOs, and min of 3% Origination Fee
- Any properties with fire damage will require a minimum of 20% Down Payment, Minium Interest rate of 12%, Interior Evaluation and 6 months of reserves. Exceptions to terms granted on a case-by-case basis.
- Multi-Family requires a 12% Interest Rate.
- Manufactured Ground Up requires a 12% Interest Rate.

3.8 ARLTV, LTC and LTV Matrix

- Exception request to the matrix below will be reviewed by Underwriting taking into account compensating factors.
- Refinances of properties, owned by borrower for 24 months or longer has LTC as N/A.
- Refinance Cash-Out on stabilized properties only. Underwriting will review on an exception basis.
- Foreign Nationals will have a -10% reduction in maximum leverage (LTAIV/LTC/LTV)

Loan Type	MAX Purchase AR LTV / LTC	MAX Refinance Rate & Term LTAIV / AR LTV / LTC	MAX Refinance Cash-Out LTAIV	Requirements	Adjustments (Purchase Transactions)
Purchase Only	65% / 85%	85% / 65% / 85%	65%	• FICO 660+ • Assets = Down Payment + Origination +Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments • No Assets Required: 700+ FICO AND 5 SREOs	• 10+ SREOs = +5 LTC o AZ/CO/GA/MO/NC/OH/OK/OR/TN/TX/WA • -5% LTAIV / AR LTV / LTC o FL
Purchase & Reno	70% / 85%	85% / 70% / 85%	N/A	• FICO 660+ • Assets = Down Payment + Origination + Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments • Reno Budgets need to be at least 5% of the purchase price or $20,000.00, whichever is greater, otherwise the property is considered stabilized, and priced as a Purchase Only. • If 70% or more of the budget is being used for additional square footage, then this would be considered a Ground Up Construction Loan • No Assets Required: 700+ FICO AND 5 SREOs	• 3+ SREOs = +2.5% AR LTV, +5% LTC o AZ/CO/GA/MO/NC/OH/OK/OR/WA AZ/CO/GA/MO/NC/OH/OK/OR/WA • -5% LTAIV / AR LTV / LTC o FL
Jumbo Loans 1MM+	70% / 85%	85% / 70% / 85%	N/A	• FICO 680+ • Min 1 SREO required in the last 36 months. • Assets = Down Payment + Origination + Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments • No Assets Required: 700+ FICO AND 5 SREOs	• 3+ SREOs = +2.5% AR LTV, +5% LTC o AZ/CO/GA/MO/NC/OH/OK/OR/WA ▪ Purchase & Reno Transactions Only • 3+ SREOs = +5% AR LTV, +5% LTC o TN and TX ▪ Purchase & Reno Transactions Only • -5% LTAIV / AR LTV / LTC o FL
Ground -Up Construction	70% / 85%	85% / 70% / 85%	N/A	• FICO 680+ • Minimum 1 New Build in the last 24 months that has sold OR New Build that is a current rental with a term of a lease term of at least 6 months. (certificate of occupancy and copy of current lease required) • Minimum Interest Rate 12% • Assets = Down Payment + Origination + 3% of the note amount for estimated closing cost +6 Months Reserves • Purchase: Initial loan proceeds cannot exceed 50% of the purchase price of the land • Must be in a major metro area. o No rural properties o Population of 25K or greater	
Manufactured Ground-Up / Swap	60% / 75%	50% / 60% / 75%	N/A	• FICO 680+ • Assets = Down Payment + Origination + Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments • Purchase: Initial loan proceeds cannot exceed 50% of the purchase price of the land • Interest Rate 12%	
Multi-Family 5+ **No Brokered loans**	70% / 80%	80% /70% / 80%	60%	• FICO 680+ • Assets = Down Payment + Origination + Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments • Minimum 2 sold or rental property in the last 36 months (Class D properties are ineligible) • Interest Rate 12%	

3.9 Special Loan Programs

Sherman Bridge	
Assignment Fee	Allowed (Purchase Price + Assignment Fee must equal the LTAIV)
Transaction Type	Purchase and Purchase + Reno Only
Max Note Amt	$649,999
Min Fico	680
Max LTARV	75% (Max LTARV of 75% to an external ARV)
Min SREO	3 +
Property Photos	Exterior NWCC Photos OR MLS Active Listing Photos (Loan will be underwritten with the Internal UW LUC Value)
Eligible States	AR, AZ, CO, CT, GA, KS (Kansas City, KS –Only), MO, NC, OH, OK, OR, TN, TX, WA and WI.
Not Allowed	● No Exceptions ● No Cash Collateral Loans ● No Collateral Properties ● No 1st Loss ● No rural properties ● No fire damage properties ● Cannot be combined with any other special loan programs.

LUC Loan Special -- No External Valuation	
Transaction Type	Purchase and Purchase + Reno Only
Assignment Fee	Can be used in cost calculation for TC; is capped at 6% of the purchase price
Max Note Amt	$649,999
Min Fico	700 – All borrowers/guarantors
Min SREO	2+
Assets	< 5 SREOS: Down Payment + Origination + Non-Reno Financed +3% of the note amount for estimated closing cost + 3 Months of Interest Payments 5+ SREOs = No Assets Required
Property Type	SFR 1-4 Family Only – SFR conversion to condos ok. No more than 4 units.
Max LTC	90%
Eligible States	AR, AZ, CO, CT, GA, KS (Kansas City, KS –Only), MO, NC, OH, OK, OR, TN, TX, WA, and WI.
Property Photos	Exterior NWCC Photos OR MLS Active Listing Photos (Loan will be underwritten with the Internal UW LUC Value)
Not Allowed	● No Exceptions ● No Condos ● No Cash Collateral Loans ● No Collateral Properties ● No 1st Loss ● No rural properties ● No Manufactured Homes ● No fire damage properties ● Cannot be combined with any other special loan programs.

95% LTC Unicorn Loan	
Interest Rate	12.00%
Transaction Type	Purchase and Purchase and Reno Only
Property Type	SFR 1-4 Family Only
Max Note Amt	$500,000.00
Min Note Amt	$150,000.00
Assignment Fee	Can be used in cost calculation for TC; is capped at 6% of the purchase price
Min Fico	700 – All borrowers/guarantors
Min SREO	8
Assets	12 months of reserves+ down payment + origination + closing cost, and origination fee
LTARV	75% or below the external ARV
Renovation	● Cosmetic Only (No additions) ● Holdback is capped at 40% of the purchase price
Value	● Interior 3rd Party Evaluation Required ● Loan will be underwritten with the 3rd party evaluation
Guarantee	● All loans are full recourse to a human person. ● No IRA/ 401K
Eligible States	AR, AZ, CO, CT, GA, KS (Kansas City, KS –Only), MO, NC, OH, OK, OR, TN, TX, WA, and WI.

Not Allowed	● No Exceptions ● No Cash Collateral Loans ● No Collateral Properties ● No 1st Loss ● No rural properties ● No Manufactured Homes ● No fire damage properties ● Cannot be combined with any other special loan programs.

4. Title Insurance Requirements

The following title insurance requirements are applicable to loans originated:

1. Good and marketable fee simple lender's title free of any liens (apart from minor or customary liens that can be readily mitigated) in an amount equal to the loan's note amount from a US domiciled title insurer which satisfies the financial ratings guidelines in the Fannie Mae Family Selling Guide
2. Each property must be comprised of at least one parcel which constitutes a separate tax lot and does not constitute a portion of any other tax lot not a part of such property
3. Each property must have adequate rights of access to public utilities and public rights of way
4. Title insurance should be written on 2006 American Land Title Association (ALTA) standard form
5. There should be no subordinate debt, liens for delinquent charges, or unpaid assessments for HOA dues
6. Extended Lender's policy required (unless not available per certain state requirements)
7. Issuance of Lender's Extended Policy of Title Insurance in the amount of Level Up Capital, LLC's Deed(s), insuring the beneficiary that said Deed(s) are in FIRST LIEN position upon the subject property. We do NOT accept "short form" ALTA policies.
8. Endorsement requirements
   8.1.06 (Environmental Protection Lien)
   9-06 (Restrictions, Encroachments, Minerals) for Improved Land or 9.10-06 (Restrictions, Encroachments, Minerals) for Unimproved Land – Texas Excluded
   22-06 (Location) – Texas Excluded

5. Fire and Flood Insurance Requirements

Each Mortgaged Property must be insured by a fire and extended perils insurance policy and such other hazards as are customary in the area where each Mortgaged Property is located, unless otherwise approved by LUC, in an amount not less than the lesser of (i) the maximum principal balance of the Mortgage Loan and (ii) the full insurable value of each Mortgaged Property as determined by the property insurer.

Insurance must provide coverage for intended rehabilitation and scope. Homeowners or Second Home policies are not allowed.

If any portion of each Mortgaged Property is in an area identified by any federal governmental authority as having special flood hazards, and flood insurance is available, the borrower must obtain a flood insurance policy meeting the current guidelines of the Federal Emergency Management Agency, in an amount representing coverage not less than the least of (1) the maximum principal balance of the Mortgage Loan, (2) the full insurable value of each Mortgaged Property, and (3) the maximum amount of insurance available under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1974.

All such insurance policies must contain a standard mortgagee clause naming the Lender, its successors, and assigns (including, without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and, to the extent, such agreement is commercially available from the related insurer, may not be reduced, terminated, or canceled without 30 days prior written notice to the mortgagee. The name of the insured as shown on the policy must be identical to the name of the borrower as shown in the loan documents. Acceptable insurers must be domiciled in the United States, be licensed to do business in the state of the subject property/properties, and meet the rating criteria in the Fannie Mae Guidelines.

If the financing is a refinance, and the existing policy expires within six days of the closing, there must be verification that the renewal premium has been paid or will be paid at closing. If the financing is a purchase, there must be verification that the premium period is at least six (6) months from the day of origination.

If the project is a part of a condominium association, LUC must review the condo project insurance policy to ensure the homeowners' association maintains a master or blanket type of insurance policy, with premiums being paid as a common expense, as required in the current Fannie Mae Guidelines. If the policy is a blanket/master policy, Lender must receive Declarations page of the policy that shows the subject property/properties is/are clearly identified in the blanket/master policy

A binder or EOI must be obtained prior to funding disbursement. Coverage amount will be based on the Calculated cost as listed in Total Estimate of Cost-New as listed on the appraisal (if available) or the Insurance Carrier's Replacement Cost Estimator. Coverage can be less than the calculated cost if it at least covers the Note Amount or indicates that it has a Guaranteed Replacement Cost provision. For Condos and other similar property types, the HOA's Walls Out Policy will be obtained and included in the coverage calculation. Any exceptions made will be signed off by management with reasons and approval indicated on the Binder/EOI. Only Vacant, Landlord or Builder's Risks policies are permitted unless Carrier indicates that Homeowner's policy with vacancy is allowed.